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## FISCAL IMPACT REPORT

SPONSOR Leavell DATE TYPED 1/28/2004 HB \_\_\_\_\_

SHORT TITLE Fees for Interest in Game and Fish Department Land SB 76

ANALYST Aguilar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	NFI		Indeterminate	Recurring	Game Protection Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Game and Fish (DGF)  
Commissioner of Public Lands (SLO)

### SUMMARY

#### Synopsis of Bill

Senate Bill 76 amends Section 17-1-14 NMSA 1978 by providing for fees for interest in Department of Game and Fish lands and also providing for a limit on those fees.

#### Significant Issues

The State Game Commission recently approved a rate schedule to reflect current desires and market values. This schedule sets rates above current appraised market value for the land based on specific use.

Implications to the Department of Game and Fish would be that appraisals would need to be obtained prior to establishing a fee for a particular commercial activity. Fees are presently set by the State Game Commission rule.

The State Land Office (SLO) is also currently updating their rate schedule for commercial activities. An alternative would be to utilize as much of the SLO standard rate schedule as possible

without appraisals. Other than special circumstances, i.e. microwave towers, this would standardize user rates for state land use across both agencies.

The Commissioner of Public Lands may authorize a credit of up to 30% of the fair market value of the interest to be granted if, after a written showing by the applicant, the commissioner, in his sole discretion, determines that the grant of an easement or right of way, with a credit, will enhance oil and gas production from trust lands and that the royalties resulting from the enhanced oil and gas production will far exceed any benefits derived from receiving fair market value from the grant of easement or right of way.

The State Game Commission owns approximately 170,000 acres dispersed throughout New Mexico. There are a variety of commercial activities associated with most all of these properties ranging from oil and gas developments, electrical transmission lines, guiding and outfitting to day rides on horseback.

DGF reports:

- Of the 16 rates approved, public concern has been raised on 4 specific items.
- Any monetary fees collected by the State Game Commission properties are subject to federal aid requirements if they were purchased using federal aid dollars.
- Fees collected must be recorded as program income and 75% of the fee must be returned to the Federal Aid Program.
- The Department will only realize 25% of the fee.
- As written, the bill would require the Department of Game and Fish to maintain a portfolio of current market or appraised value for lands. The department would be subject to following the states property control division rules and regulations and those of the U.S. Fish and Wildlife Service in obtaining market values.

## **FISCAL IMPLICATIONS**

The cost of establishing and maintaining this portfolio would fall on the DGF who at this time does not have the real estate expertise or personnel to carry out this work.

## **TECHNICAL ISSUES**

There may be no basis for an appropriate valuation of wildlife or wildlife habitat under current commercial appraisal methods. This could potentially result in substantial under valuation of fees necessary to offset damage to habitats and cause an inequity in relation to other state land use fees.

**PA/njw:yr**